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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 27, 2005**

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**CHENIERE ENERGY, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**1-16383**  
(Commission File Number)

**95-4352386**  
(I.R.S. Employer  
Identification No.)

**717 Texas Avenue Suite 3100 Houston, Texas**  
(Address of principal executive offices)

**77002**  
(Zip Code)

**Registrant's telephone number, including area code: (713) 659-1361**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

In connection with the cancellation and regrant of options (the "Stock Options") to purchase shares of the common stock, \$.003 par value (the "Common Stock") of Cheniere Energy, Inc. (the "Company") (discussed in Item 8.01 below), the Company's Section 162(m) Compensation Subcommittee (the "Subcommittee") of the Compensation Committee of the Board of Directors approved the execution of stock option agreements (representing regranted Stock Options) to certain executive officers of the Company, as described below. Each option regrant was evidenced by an option agreement substantially in the Form of the Cancellation and Grant of Non-Qualified Stock Options which is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference (the "Option Agreement").

Each of Don A. Turkleson, Senior Vice President, Chief Financial Officer and Secretary, Zurab S. Kobiashvili, Senior Vice President and General Counsel, Jonathan S. Gross, Senior Vice President—Exploration, and Keith M. Meyer, Senior Vice President—LNG, was regranted Stock Options to acquire 200,000 shares of Common Stock. Mr. Turkleson and Mr. Kobiashvili were regranted Stock Options on July 27, 2005 and Mr. Gross and Mr. Meyer were regranted Stock Options on July 28, 2005. The exercise price of the Stock Options is \$36.25 per share, which represents the closing price of the Common Stock on the American Stock Exchange on March 14, 2005 (the original date of grant), which was greater than the closing price on July 27, 2005 and July 28, 2005, the respective dates of the regrant. These Stock Options vest 66,667 on March 14, 2009 and 66,666 on each of March 14, 2010 and 2011.

**Item 8.01. Other Events.**

The Subcommittee approved the cancellation of options to purchase an aggregate of 1,300,000 shares of Common Stock and the regrant of options to purchase an aggregate of 1,300,000 shares of Common Stock, effective on the date of execution by the respective optionees of the Option Agreement. The per share exercise price of each of the cancelled options was \$36.25. These cancellations and regrants were effected under the Company's 2003 Stock Incentive Plan, as amended, which expressly permits option exchanges.

**Item 9.01. Financial Statements and Exhibits.****c) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
10.1	Form of Cancellation and Grant of Non-Qualified Stock Options (three-year vesting) under the Cheniere Energy, Inc. 2003 Stock Incentive Plan. (Filed herewith)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHENIERE ENERGY, INC.

Date: August 1, 2005

By: /s/ Don A. Turkleson

Name: Don A. Turkleson  
Title: Senior Vice President, Chief  
Financial Officer and Secretary

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Form of Cancellation and Grant of Non-Qualified Stock Options (three-year vesting) under the Cheniere Energy, Inc. 2003 Stock Incentive Plan. (Filed herewith)

**CHENIERE ENERGY, INC.**  
**CANCELLATION AND GRANT OF**  
**NON-QUALIFIED STOCK OPTIONS**

THIS AGREEMENT between CHENIERE ENERGY, INC., a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Optionee") shall be effective on the date of execution by the Optionee (the "Effective Date") and all action to be taken pursuant to this Agreement shall be deemed to be completed contemporaneously on the Effective Date.

WHEREAS Company desires to terminate and cancel the nonqualified stock options previously granted to the Optionee on \_\_\_\_\_ (the "Old Grants") under the 2003 Stock Incentive Plan (the "Plan");

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Company and Optionee hereby agree as follows:

- I. Cancellation. The Old Grants are hereby cancelled and the Non-Qualified Stock Option Grant executed by the Company and Accepted and Agreed to by the Optionee in connection with the Old Grant is terminated and of no further force or effect.
- II. Grant. Immediately upon the cancellation of the Old Grants, the Optionee will be granted as of the Grant Date (identified below), the Stock Options to purchase the number of shares of the Company's common stock, \$.003 par value per share, identified below (the "Common Stock"), subject to the terms and conditions of this grant (the "Grant") and the Plan which is incorporated herein in its entirety by reference. The Common Stock, when issued to Optionee upon the exercise of the Option, shall be fully paid and nonassessable. The Option is not an "incentive stock option" as defined in Section 422 of the Internal Revenue Code.
- III. Definitions and Other Terms. All capitalized terms used herein shall have the meanings set forth in the Plan unless otherwise provided herein. The following capitalized terms shall have those meanings set forth opposite them:
  - A. Grant Date: Effective Date
  - C. Shares subject to Options: shares of the Company's Common Stock.
  - D. Option Price: \$ \_\_\_\_\_ per share.
  - E. Option Expiration Date: \_\_\_\_\_, 20 (until 12:00 p.m. central).

F. Vesting: The Options will vest on the fourth, fifth and sixth anniversaries of \_\_\_\_\_, 20 until fully exercisable as follows:

G.

<u>Date</u>	<u>Options Vesting</u>
_____, 2009	
_____, 2010	
_____, 2011	
	Total

- IV. Forfeiture or Termination of Options Upon Termination of Service Upon termination, resignation or removal of Optionee from service or employment with the Company under any circumstances, any Options not then exercisable shall not vest, shall be forfeited back to the Company and shall be available for re-issuance under the Plan. Optionee shall have six (6) months after termination from service or employment during which to exercise any Options which are exercisable upon termination from service or employment. Any Options not exercised within such six-month period shall terminate, shall be forfeited back to the Company and shall be available for re-issuance under the Plan.
- V. Withholding of Taxes. Any issuance of Common Stock pursuant to the exercise of an Option shall not be made until appropriate arrangements satisfactory to the Company have been made for payment of any tax amounts (federal, state, local or other) that may be required to be withheld or paid by the Company with respect thereto.

**CHENIERE ENERGY, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_